

Message Text

UNCLASSIFIED

PAGE 01 SANTIA 05824 152132Z

ACTION ARA-14

INFO OCT-01 ISO-00 OES-07 INT-05 AID-05 CIAE-00

COME-00 EB-07 FRB-01 INR-07 NSAE-00 USIA-15

TRSE-00 XMB-04 OPIC-06 SP-02 LAB-04 EPG-02 SIL-01

OMB-01 NSC-05 SS-15 STR-04 CEA-01 L-03 H-02 PA-02

PRS-01 /115 W

-----077163 160855Z /15

R 152104Z JUL 77

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC 5666

INFO AMEMBASSY LA PAZ

UNCLAS SANTIAGO 5824

E. O. 11652: N/A

TAGS: EMIN, EINV, CI

SUBJECT: NEW LARGE SCALE MINING FOREIGN INVESTMENTS IN CHILE

REF: (A) SANTIAGO 2904 (B) SANTIAGO 5674 (C) SANTIAGO 4151

1. WORTH CONSIDERABLE NOTICE IS THE FACT THAT DIRECT, PRIVATE, FOREIGN INVESTMENT IN THE EXTRACTIVE INDUSTRY HAS RETURNED TO CHILE AFTER A LONG HIATUS. IN THE PAST TEN DAYS THREE MAJOR AGREEMENTS HAVE BEEN SIGNED. FOLLOWING CLOSE ON THE HEELS OF THE JULY 7 SUPERIOR OIL/FALCONBJIDGE - GOC AGREEMENT (REFTEL B), TWO ADDITIONAL AGREEMENTS WILL BE FORMALLY SIGNED TODAY AS DESCRIBED BELOW:

A) NORANDA MINES, A CANADIAN FIRM, HAS REACHED AGREEMENT WITH THE GOC TO DEVELOP THE ANDACOLLO OREBOYD. NORANDA AND GOC WILL SPLIT OWNERSHIP 51/49 PERCENT IN FAVOR OF NORANDA AND A NEW COMPANY LOCALLY ORGANIZED TO IMPLEMENT THE PROJECT. TOTAL INVESTMENT WILL BE US 350 MILLION. APART FROM TODAY'S AGREEMENT, AN UNDERSTANDING HAS BEEN REACHED WHICH ENVISIONS AN ADDITIONAL US 150 MILLION SMELTING AND REFINING FACILITY IF PRODUCTION WARRANTS. OTHERWISE, THE STATE-OWNED EMPRESA NACIONAL DE MINERIA ENAMI) WILL PROCESS THE ORE.

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 SANTIA 05824 152132Z

B) ST. JOE MINING, US FIRM, HAS REACHED AGREEMENT TO DEVELOP A GROUP OF PRIVATELY-OWNED GOLD DEPOSITS, AND OTHER METALS, THE MOST IMPORTANT NAMED "EL INDIO" AND LOCATED SOME 150 KMS FROM LA SERENA IN THE HIGH ANDES. PRICESE DETAILS OF THIS PROJECT ARE NOT YET AVAILABLE, BUT PRESS COVERAGE ESTIMATES THAT TOTAL LONG-TERM INVESTMENT MAY REACH US 100 MILLION. EMBASSY SKEPTICAL OF THIS HIGH FIGURE.

2. BOTH THESE NEW AGREEMENTS, AS WITH QUEBRADA BLANCA, WERE NEGOTIATED UNDER THE TERMS OF THE OLD FOREIGN INVESTMENT LAW, DL 600. THE NEW LAW PERMITS NEGOTIATIONS BEGUN UNDER THE OLD STATUTE TO CONTINUE FOR PERIOD OF 120 DAYS ENDING TOMORROW, JULY 16. NO DOUBT THIS DEADLINE HELPS TO EXPLAIN THE CLOSE PROXIMITY OF THESE THREE NEW AGREEMENTS. BOTH NEW AGREEMENTS ESTABLISH A 49.5 PERCENT TAX RATE FOR 30 YEARS.

3. RELATED INFORMATION: CHILEF GOC MINING INVESTMENT NEGOTIATOR, ARTURO MACKENNA INFORMED EMBOFFS THAT GOC WILL SOON SEEK (NEXT FEW WEEKS) SERIOUS FOREIGN INVESTORS TO BEGIN NEGOCIATIONS FOR COPPER OREBODIES OF EL ABRA AND LA DISPUTADA.
BOYATT

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MINING CONCESSIONS, FOREIGN INVESTMENTS
Control Number: n/a
Copy: SINGLE
Sent Date: 15-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977SANTIA05824
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770253-1133
Format: TEL
From: SANTIAGO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770752/aaaabtdx.tel
Line Count: 76
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 2443c06a-c288-dd11-92da-001cc4696bcc
Office: ACTION ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 77 SANTIAGO 2904, 77 SANTIAGO 5674, 77 SANTIAGO 4151
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 07-Jan-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1847937
Secure: OPEN
Status: NATIVE
Subject: NEW LARGE SCALE MINING FOREIGN INVESTMENTS IN CHILE
TAGS: EMIN, EINV, CI
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/2443c06a-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009